

Message Text

UNCLASSIFIED

PAGE 01 MONTEV 03387 201306Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 PC-05 OMB-01 CIEP-02 CIAE-00

DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05 PA-02

RSC-01 PRS-01 SP-02 SS-15 USIA-15 EB-07 COME-00

TRSE-00 SIL-01 LAB-03 /090 W
----- 042117

R 201205Z NOV 74

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 7693

INFO AMEMBASSY BUENOS AIRES

UNCLAS MONTEVIDEO 3387

E.O. 11652: N/A

TAGS: EIND, ETRD, EFIN, PINT, PFOR, UY

SUBJ: PRESIDENT BORDABERRY REVIEWS GOU POLICIES WITH PRESS

1. SUMMARY AND COMMENT. IN AN EXTENDED INTERVIEW PUBLISHED IN LA MANANA, NOVEMBER 17, PRESIDENT BORDABERRY PRESENTED AN OVERALL VIEW OF THE GOVERNMENT'S PLANS AND PHILOSOPHY. WHILE NO NEW APPROACHES WERE OUTLINED, IT IS OF SIGNIFICANCE THAT HE HAS NOW PUBLICLY IDENTIFIED WITH AND GIVEN STRONG SUPPORT TO THE ECONOMIC REFORM PLANS OF MINECON VEGH VILLEGAS FOR REVITALIZING THE URUGUAYAN ECONOMY. ON POLITICAL AND LABOR QUESTIONS, THE PRESIDENT'S REMARKS SHOWED NO DEVIATION FROM OTHER RECENT STATEMENTS.

2. THE FOLLOWING PARAGRAPHS OUTLINE HIS SPECIFIC POINTS:

(A) FOREIGN TRADE: BORDABERRY NOTED THAT URUGUAY IS OPEN TO TRADE WITH ALL COUNTRIES EXCEPT CUBA (BECAUSE OF THE OAS SANCTIONS). HE POINTED OUT THE ANOMALY THAT IN A FOOD SHORT WORLD URUGUAY HAS TROUBLE SELLING ITS AGRICULTURAL PRODUCTS, BUT EXPLAINED THAT MUCH OF ITS PRODUCTION IS "LUXURIOUS". HE PREDICTED THAT EASTERN EUROPE WILL CONTINUE TO BE A GROWING MARKET FOR SCUH PRODUCTS AS MEAT, LEATHER GOODS, WOOL AND CITRUS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MONTEV 03387 201306Z

(B) SALARY CONTROLS: BORDABERRY PREDICTED THAT IN THE FUTURE

SALARIES WILL BE CONTROLLED BY THE STATE ONLY BY SETTING MINIMUM LEVELS. HE JUSTIFIED PRESENT CONTROLS AS NECESSARY FOR PREVENTING INFLATIONARY PRICE INCREASES OF THE COST-PASS-THROUGH TYPE.

(C) FOREIGN EXCHANGE POLICY: THE PRESIDENT SPECIFICALLY ENDORSED VEGH'S POLICY OF GRADUAL UNIFICATION OF THE TWO EXCHANGE RATES. INFLATION HE SAID WAS A REALITY FROM BOTH INTERNAL AND EXTERNAL SOURCES AND URUGUAYAN CURRENCY WOULD HAVE TO CONTINUE TO BE ADJUSTED TO IT, MEANING A CONTINUATION OF MINI-DEVALUATIONS.

(D) PENSION REFORM: BORDABERRY POINTED OUT THAT IF URUGUAY CONTINUES TO TRY TO RESOLVE THE PROBLEMS OF OLD AGE SECURITY AS A PRIORITY "WHICH OUR NATURAL IMPULSES SUPPORT", GROWTH POTENTIAL WOULD BE DESTROYED AND IN THE END THE HOPES OF THE ANNUITANTS THEMSELVES. HE NOTED THAT THERE IS ONE RETIRED PERSON FOR EVERY TWO WORKERS AND PREDICTED THAT THE GOVERNMENT WILL HAVE TO FOLLOW A PAINFUL POLICY TO CORRECT PAST ERRORS.

(E) INDUSTRY AND FISCAL STRUCTURE: THE STATE CAN HELP STIMULATE INDUSTRY, BUT THE PRIMARY RESPONSIBILITY FOR GROWTH RESTS WITH INDUSTRY ITSELF. HE SAID PROTECTION WILL HAVE TO DECREASE ALTHOUGH AFTER SO MANY YEARS OF "EXCESSIVE" PROTECTION INDUSTRY WILL NEED TIME TO FACE STIFF COMPETITION. BORDABERRY REITERATED GOU DISAPPOINTMENT WITH RECENT LAFTA PROGRESS AND RESTATED URUGUAY'S PROBLEM OF A TOO SMALL INTERNAL MARKET. HE LABELED IMPORT SUBSTITUTION A FAILURE, SAID THE OBVIOUS MARKET FOR URUGUAY WAS IN NEIGHBORING COUNTRIES. URUGUAY WILL PURSUE COMPLEMENTATION AGREEMENTS, WHICH ARE WITHIN LAFTA RULES.

(F) QUITO FM: THE ESSENCE OF THE PRESIDENT'S REMARKS WAS: "THE URUGUAYAN POSITION IS VERY STRAIGHTFORWARD NOT ONLY WITH RESPECT TO DEFENSE OF THE PRINCIPLE OF NON-INTERVENTION AND TO EXPLAINING THE URUGUAYAN SITUATION WITH RESPECT TO CUBA- TO EXPLAIN THE CUBAN INTERVENTION-BUT IT ALSO IS A POSITION STUDIED, ANALYZED AND SET WITHIN THE OBJECTIVE OF THE FULL FUNCTIONING OF THE MECHANISMS FORESEEN IN THE OAS. IF THE FULL FUNCTIONING OF SUCH MECHANISMS WERE TO LIFT SANCTIONS URUGUAY WOULD NOT BE TROUBLED, BUT THAT WHICH OUR COUNTRY CANNOT ACCEPT-AND DID NOT ACCEPT--IS THAT THE LIFTING OF SANCTIONS BE ARRIVED AT WITHOUT THE FUNCTIONING OF THE ESTABLISHED MECHANISMS." THE PRESIDENT WAS CONCERNED THAT NOT FOLLOWING ESTABLISHED PROCEDURES WOULD LEAD TO A DETERIORATION OF THE OAS SYSTEM.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MONTEV 03387 201306Z

(G) CONSTITUTIONAL REFORM: ADDING LITTLE TO HIS SEPTEMBER 4 (MVD 2528) STATEMENT ON CONSTITUTIONAL REFORM, BORDABERRY REITERATED HIS CONCEPT OF THE EVOLUTION OF A HISTORIC PROCESS WHICH WILL CONCLUDE WITH A CONSTITUTION WHICH WILL REFLECT SOCIAL AND POLITICAL REALITY. REPLYING TO A DIRECT QUESTION AS TO WHETHER THIS MEANS AN INDEFINITE DELAY, THE CHIEF EXECUTIVE REPLIED NEGATIVELY BUT CAUTIONED THAT PEOPLE SHOULD NOT "ANTICIPATE UNNECESSARILY".

(H) TRADE UNIONS: STATING THAT THE MINISTER OF LABOR WAS
"WORKING HARD" ON NORMALIZING TRADE UNIONS, BORDABERRY SAID
THAT NOTHING STOPS PEOPLE IN THEIR WORKPLACES FROM ORGANIZING
AND MAKING DEMANDS OF MANAGEMENT. "THAT WHICH IS NOT YET
STRUCTURED IS A SYSTEM, A TRADE UNION ORGANIZATION WHICH
IMPEDES THE FORMATION OF NUCLEI WHICH-GROUPING THEMSELVES
IN SUCCESSIVE STEPS, GOING FROM THE LEVEL OF A WORKPLACE TO AN
ACTIVITY OR SECTOR-END BY BECOMING A POWER WITHIN THE STATE
AND OPPOSED TO THE STATE."
SIRACUSA

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS CONFERENCES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MONTEV03387
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740335-0953
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741128/aaaaaxdw.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 14 NOV 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 NOV 2002 by shawdg>; APPROVED <19-Nov-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESIDENT BORDABERRY REVIEWS GOU POLICIES WITH PRESS
TAGS: EGEN, UY, (BORDABERRY AROCENA, JUAN MARIA)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005